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Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: food sales of Japan Chain Stores Association member companies fall 2.2% in February; Japan Food Service Association member company sales fall 5.9% in February; Yoshinoya and Sukiya both hold discount promotions in April to accelerate gradually recovering beef bowl sales; Outback Steakhouse plans to open 28 outlets in Japan by March 2005; Tokyo Metropolitan Government launches new Food and Drug Safety Division on April 1; and Japan Tobacco's Australian subsidiary obtains a 40% share of Swickers, the fourth largest pork processing company in Australia.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

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Food Business Line

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Retail/Wholesale

- According to the *Japan Chain Stores Association*, total sales of member supermarkets in February declined 4.8% on a same-store basis compared to the same month last year. It was the 39th consecutive month of not achieving the previous year's sales level. Food sales alone declined 2.2% during the same period, due in large part to historically low fresh vegetable prices resulting from a warm winter. (a 3/26)
- According to the *Japan Department Store Association*, total sales of member department stores in February fell 4.9% compared to the same month last year. It is the third consecutive month of decline. Similarly, food sales declined 1.4% in February compared to the same month last year. (a 3/26)
- As a result of *Daiei's* recent corporate restructuring efforts, the company registered an overall decline in sales of only 2% in March 2002 compared to the same month last year, down from a decline of 8% in February. However, *Daiei* is likely to face a new challenge now that U.S.-based *Wal-Mart* has decided to enter the Japanese market. (a 3/27)
- It was revealed on April 2 that *Robinson Department Store* in Odawara, Kanagawa has been disguising U.S. beef as domestic beef, and normal pork as herb-fed pork. *Robinson's* is a subsidiary of *Ito-Yokado*. (a 4/2)

Food Service

- According to the *Japan Food Service Association*, total sales of member companies in February declined 5.9% on a same-store basis, compared to the same month last year. This is the 51st consecutive month in which sales have not achieved the previous year's level. Although the customer base of member companies has been increasing during the past four months, the level of expenditures per customer has declined significantly. (a 3/26)
- *Yoshinoya D&C*, operator of the *Yoshinoya gyū-don* beef bowl restaurant chain, and *Zensho*, operator of the *Sukiya gyū-don* chain, both plan to hold discount sales campaigns starting the beginning of April. *Gyū-don* sales have declined since the detection of BSE in Japan, but have been gradually recovering recently. Both companies plan to accelerate the recovery with their discount sales promotions. (b 3/29)
- U.S.-based *Outback Steakhouse*, operators of the world's largest steakhouse chain, plans to open 28 outlets in Japan by March 2005. The company currently operates four outlets in Japan, and plans to aggressively expand its presence in the Asia Pacific region, starting from its Japan base. (b 4/4)

Food Processing/New Products/Market Trends

- In an effort to maintain food safety, the Tokyo Metropolitan Government launched a new Food and Drug Safety Division on April 1. It is intended to function as the equivalent of the U.S. Food and Drug Administration. (Tokyo Metropolitan Gov. Publicity 4/1)
- *Snow Brand Milk Products (Yukijirushi)* announced on March 25 that they have begun negotiations with *Nestlé Japan* on cooperation with their baby food businesses, such as powdered milk. (a 3/26)
- *Snow Brand Milk Products (Yukijirushi)* announced on March 25 that it will begin a offering a new guarantee for its calcium-enriched "Cal Power MBP" milk delivery service, in which it will compensate customers 30,000 yen if a family member using the product breaks a bone. (a 3/26)
- According to a food safety survey by Japan's Agriculture Ministry, the top three concerns of Japanese consumers were ranked as follows: 1) the safety of imported food and food ingredients as it relates to issues such as agricultural pesticide residues; 2) production processes of agricultural products as they relate to issues such as BSE; and 3) manufacturing and processing processes as they relate to issues such as the use of food additives and safety measures at food service outlets. (f 4/4)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Japan Tobacco's (JT)* subsidiary in Australia has obtained 40% of the stock of *Swickers*, the fourth largest pork processing company in Australia. *JT* plans to strengthen its ham and sausage business by stabilizing its pork supply and increasing its quality control know-how from Australia, especially since the detection of BSE in Japan. (a 4/3)
- Since fruit juice importer *Nisshin Tsusho* became the Japanese agent for the U.S. *Texas Citrus Exchange* and sole supplier of "Rio Red Grapefruit Juice" in November 2001, Nisshin's products using premium red grapefruit have gradually been gaining popularity in Japan due to their health effects. (c 3/27)
- The *Florida Department of Citrus* held a reception on March 19 in Tokyo commemorating the launch of *Great American Lines'* new ship, the "Sunbelt Spirit," which will be used to ship Japanese cars to the U.S. market and return to Japan with Florida citrus. (c 3/27)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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